

AMENDED IN SENATE JUNE 21, 2006

AMENDED IN ASSEMBLY APRIL 26, 2006

AMENDED IN ASSEMBLY MARCH 20, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

## ASSEMBLY BILL

**No. 1973**

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**Introduced by Assembly Member Bermudez**

February 9, 2006

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An act to amend ~~Section 19805 of~~ *Sections 19963 and 19805 of,* and to add *Sections 19954 and 19962 to,* the Business and Professions Code, relating to gaming.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1973, as amended, Bermudez. Gambling control.

(1) Existing law ~~relating to legalized gambling, the Gambling Control Act,~~ defines and regulates controlled games and prohibits the conduct of gambling in a city, county, or city and county that does not have an ordinance governing certain aspects of the operation of gambling establishments, including the hours of operation of gambling establishments.

This bill would define hours of operation for these purposes as the period during which a gambling establishment is open within a 24-hour period.

(2) *Existing law establishes the Gambling Control Fund within the State Treasury for the receipt and deposit of fees and revenue collected pursuant to the act. Under the act, specified licensing fees are required to be paid for the issuance or renewal of a state gambling license, as specified. Under existing law, the fee for initial issuance of a state gambling license is determined by the Division of*

*Gambling Control and the fee for the renewal of a state gambling license is determined pursuant to specified schedules based on the authorized number of tables at which games are played.*

*This bill would require each licensee to pay an additional \$100 for each table for which it is licensed to the Department of Alcohol and Drug Programs for deposit in the Gambling Addiction Program Fund, which would be established by the bill to benefit those who have a gambling addiction problem. These funds would be available, upon appropriation by the Legislature, to community-based organizations that directly provide aid and assistance to those persons with a gambling addiction problem.*

*(3) The act prohibits, until January 1, 2010, the governing body and the electors of a county, city, or city and county from authorizing or expanding any legal gaming beyond that permitted on January 1, 1996. Additionally, the commission is prohibited, until January 1, 2010, from issuing a gambling license for a gambling establishment that was not licensed to operate on December 31, 1999, except as specified.*

*This bill would extend the operation of these provisions to January 1, 2015.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 19805 of the Business and Professions  
2     Code is amended to read:  
3     19805. As used in this chapter, the following definitions shall  
4     apply:  
5     (a) "Affiliate" means a person who, directly or indirectly  
6     through one or more intermediaries, controls, is controlled by, or  
7     is under common control with, a specified person.  
8     (b) "Applicant" means any person who has applied for, or is  
9     about to apply for, a state gambling license, a key employee  
10    license, a registration, a finding of suitability, a work permit, a  
11    manufacturer's or distributor's license, or an approval of any act  
12    or transaction for which the approval or authorization of the  
13    commission or division is required or permitted under this  
14    chapter.

1 (c) “Banking game” or “banked game” does not include a  
2 controlled game if the published rules of the game feature a  
3 player-dealer position and provide that this position must be  
4 continuously and systematically rotated amongst each of the  
5 participants during the play of the game, ensure that the  
6 player-dealer is able to win or lose only a fixed and limited  
7 wager during the play of the game, and preclude the house,  
8 another entity, a player, or an observer from maintaining or  
9 operating as a bank during the course of the game. For purposes  
10 of this section it is not the intent of the Legislature to mandate  
11 acceptance of the deal by every player if the division finds that  
12 the rules of the game render the maintenance of or operation of a  
13 bank impossible by other means. The house shall not occupy the  
14 player-dealer position.

15 (d) “Commission” means the California Gambling Control  
16 Commission.

17 (e) “Controlled gambling” means to deal, operate, carry on,  
18 conduct, maintain, or expose for play any controlled game.

19 (f) “Controlled game” means any controlled game, as defined  
20 by subdivision (e) of Section 337j of the Penal Code.

21 (g) “Director,” when used in connection with a corporation,  
22 means any director of a corporation or any person performing  
23 similar functions with respect to any organization. In any other  
24 case, “director” means the Director of the Division of Gambling  
25 Control.

26 (h) “Division” means the Division of Gambling Control in the  
27 Department of Justice.

28 (i) “Finding of suitability” means a finding that a person meets  
29 the qualification criteria described in subdivisions (a) and (b) of  
30 Section 19857, and that the person would not be disqualified  
31 from holding a state gambling license on any of the grounds  
32 specified in Section 19859.

33 (j) “Game” and “gambling game” means any controlled game.

34 (k) “Gambling” means to deal, operate, carry on, conduct,  
35 maintain, or expose for play any controlled game.

36 (l) “Gambling enterprise employee” means any natural person  
37 employed in the operation of a gambling enterprise, including,  
38 without limitation, dealers, floor personnel, security employees,  
39 countroom personnel, cage personnel, collection personnel,  
40 surveillance personnel, data-processing personnel, appropriate

1 maintenance personnel, waiters and waitresses, and secretaries,  
2 or any other natural person whose employment duties require or  
3 authorize access to restricted gambling establishment areas.

4 (m) “Gambling establishment,” “establishment,” or “licensed  
5 premises” except as otherwise defined in Section 19812, means  
6 one or more rooms where any controlled gambling or activity  
7 directly related thereto occurs.

8 (n) “Gambling license” or “state gambling license” means any  
9 license issued by the state that authorizes the person named  
10 therein to conduct a gambling operation.

11 (o) “Gambling operation” means exposing for play one or  
12 more controlled games that are dealt, operated, carried on,  
13 conducted, or maintained for commercial gain.

14 (p) “Gross revenue” means the total of all compensation  
15 received for conducting any controlled game, and includes  
16 interest received in payment for credit extended by an owner  
17 licensee to a patron for purposes of gambling, except as provided  
18 by regulation.

19 (q) “Hours of operation” means the period during which a  
20 gambling establishment is open to conduct the play of controlled  
21 games within a 24-hour period.

22 (r) “House” means the gambling establishment, and any  
23 owner, shareholder, partner, key employee, or landlord thereof.

24 (s) “Independent agent,” except as provided by regulation,  
25 means any person who does either of the following:

26 (1) Collects debt evidenced by a credit instrument.

27 (2) Contracts with an owner licensee, or an affiliate thereof, to  
28 provide services consisting of arranging transportation or lodging  
29 for guests at a gambling establishment.

30 (t) “Institutional investor” means any retirement fund  
31 administered by a public agency for the exclusive benefit of  
32 federal, state, or local public employees, any investment  
33 company registered under the Investment Company Act of 1940  
34 (15 U.S.C. Sec. 80a-1 et seq.), any collective investment trust  
35 organized by banks under Part Nine of the Rules of the  
36 Comptroller of the Currency, any closed-end investment trust,  
37 any chartered or licensed life insurance company or property and  
38 casualty insurance company, any banking and other chartered or  
39 licensed lending institution, any investment advisor registered  
40 under the Investment Advisors Act of 1940 (15 U.S.C. Sec.

1 80b-1 et seq.) acting in that capacity, and other persons as the  
2 commission may determine for reasons consistent with the  
3 policies of this chapter.

4 (u) "Key employee" means any natural person employed in  
5 the operation of a gambling enterprise in a supervisory capacity  
6 or empowered to make discretionary decisions that regulate  
7 gambling operations, including, without limitation, pit bosses,  
8 shift bosses, credit executives, cashier operations supervisors,  
9 gambling operation managers and assistant managers, managers  
10 or supervisors of security employees, or any other natural person  
11 designated as a key employee by the division for reasons  
12 consistent with the policies of this chapter.

13 (v) "Key employee license" means a state license authorizing  
14 the holder to be associated with a gambling enterprise as a key  
15 employee.

16 (w) "Licensed gambling establishment" means the gambling  
17 premises encompassed by a state gambling license.

18 (x) "Limited partnership" means a partnership formed by two  
19 or more persons having as members one or more general partners  
20 and one or more limited partners.

21 (y) "Limited partnership interest" means the right of a general  
22 or limited partner to any of the following:

23 (1) To receive from a limited partnership any of the following:

24 (A) A share of the revenue.

25 (B) Any other compensation by way of income.

26 (C) A return of any or all of his or her contribution to capital  
27 of the limited partnership.

28 (2) To exercise any of the rights provided under state law.

29 (z) "Owner licensee" means an owner of a gambling enterprise  
30 who holds a state gambling license.

31 (aa) "Person," unless otherwise indicated, includes a natural  
32 person, corporation, partnership, limited partnership, trust, joint  
33 venture, association, or any other business organization.

34 (bb) "Player" means a patron of a gambling establishment who  
35 participates in a controlled game.

36 (cc) "Player-dealer" and "controlled game featuring a  
37 player-dealer position" refer to a position in a controlled game, as  
38 defined by the approved rules for that game, in which seated  
39 player participants are afforded the temporary opportunity to  
40 wager against multiple players at the same table, provided that

1 this position is rotated amongst the other seated players in the  
2 game.

3 (dd) “Publicly traded racing association” means a corporation  
4 licensed to conduct horse racing and simulcast wagering pursuant  
5 to Chapter 4 (commencing with Section 19400) whose stock is  
6 publicly traded.

7 (ee) “Qualified racing association” means a corporation  
8 licensed to conduct horse racing and simulcast wagering pursuant  
9 to Chapter 4 (commencing with Section 19400) that is a wholly  
10 owned subsidiary of a corporation whose stock is publicly traded.

11 (ff) “Work permit” means any card, certificate, or permit  
12 issued by the commission, or by a county, city, or city and  
13 county, whether denominated as a work permit, registration card,  
14 or otherwise, authorizing the holder to be employed as a  
15 gambling enterprise employee or to serve as an independent  
16 agent. A document issued by any governmental authority for any  
17 employment other than gambling is not a valid work permit for  
18 the purposes of this chapter.

19 *SEC. 2. Section 19954 is added to the Business and*  
20 *Professions Code, to read:*

21 *19954. In addition to those fees required pursuant to Section*  
22 *19951, each licensee shall pay an additional one hundred dollars*  
23 *(\$100) for each table for which it is licensed to the Department*  
24 *of Alcohol and Drug Programs for deposit in the Gambling*  
25 *Addiction Program Fund, which is hereby established to benefit*  
26 *those who have a gambling addiction problem. These funds shall*  
27 *be made available, upon appropriation by the Legislature, to*  
28 *community-based organizations that directly provide aid and*  
29 *assistance to those persons with a gambling addiction problem.*

30 *SEC. 3. Section 19962 is added to the Business and*  
31 *Professions Code, to read:*

32 *19962. (a) On and after the effective date of this chapter,*  
33 *neither the governing body nor the electors of a county, city, or*  
34 *city and county that has not authorized legal gaming within its*  
35 *boundaries prior to January 1, 1996, shall authorize legal*  
36 *gaming.*

37 *(b) An ordinance in effect on January 1, 1996, that authorizes*  
38 *legal gaming within a city, county, or city and county may not be*  
39 *amended to expand gaming in that jurisdiction beyond that*  
40 *permitted on January 1, 1996.*

1     (c) *This section shall become operative on January 1, 2010.*

2     (d) *This section shall remain in effect only until January 1,*  
3 *2015, and as of that date is repealed, unless a later enacted*  
4 *statute, that is enacted before January 1, 2015, deletes or extends*  
5 *that date.*

6     SEC. 4. *Section 19963 of the Business and Professions Code*  
7 *is amended to read:*

8     19963. (a) In addition to any other limitations on the  
9 expansion of gambling imposed by Section 19962 or any  
10 provision of this chapter, the commission may not issue a  
11 gambling license for a gambling establishment that was not  
12 licensed to operate on December 31, 1999, unless an application  
13 to operate that establishment was on file with the division prior to  
14 September 1, 2000.

15     (b) *This section shall remain in effect only until January 1,*  
16 *2010 2015, and as of that date is repealed, unless a later enacted*  
17 *statute, that is enacted before January 1, 2010 2015, deletes or*  
18 *extends that date.*